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COMMUNICATION

STREET RAILWAYS IN PHILADELPHIA SINCE 1900

In order to understand the recent developments in the street railway situation in Philadelphia, it will be necessary to review the peculiar conditions which existed a few years ago. The development of the city has been along unusual lines—a glance at the map will show that in a north and south direction the city is from fourteen to eighteen miles long, while in an east and west direction the city limits extend only six miles from the Delaware River.

Several causes can be assigned for this peculiar and unusual phenomenon: in the first place it has been only a comparatively short time since the Schuylkill River was spanned with bridges capable of fulfilling modern requirements; again, the poor transportation facilities existing until the introduction of electricity forced the merchants and their employees to live close to the Delaware, along which stretched the manufacturing and mercantile district. As a consequence, the growth towards the north has been unnaturally great and only during the past decade has the movement towards the west been at all rapid.

Ten years ago a change of cars was necessary to travel the six miles to Sixty-third and Market Streets, while at the same time one could ride three times as far, without a change, on a number of lines running north and south. Another fact to be noticed is that the numbered streets were very generally occupied by car tracks before 1893, while those running east and west were not so generally in use.

In 1895 the Union Traction Company had been formed for the purpose of leasing and controlling every road in the city. Scarcely had this been accomplished when the new company, confident in the security of its monopoly, abolished the free transfers, and in other ways curtailed the privileges which the public had come to look upon as inviolable. Developments established the correctness of their conclusions for the angry protests brought forth no results, and in a short time the agitation for retaliatory measures died out entirely, the people seeming to be reconciled to the new conditions.

This was the situation when, in the early part of 1901, a plan was announced in the Philadelphia *North American*, which, if carried out, would destroy the monopoly which the Union Traction Company enjoyed. The Johnson syndicate, composed of Tom L. and Albert, who had amassed a fortune and made themselves famous by their street car lines in Cleveland, proposed constructing a network of street railways over the unoccupied streets of Philadelphia, the backbone of their system being a Broad Street surface line. This was designed to be the Philadelphia connection of their extensive system known as the Lehigh Valley Traction Company. They asked, however, for few lines running east and west, because they had no suburban lines in that direction. Their application to the City Councils for the necessary franchises, in which they promised to give the

people the most liberal service was opposed in the Councils by the Union Traction Company and the other existing transportation interests in the city.

The State Legislature, however, for reasons that have not been fully explained, was quite willing to pass laws giving away electric railway franchises. In the spring of 1901 two bills were introduced into the Pennsylvania Legislature known as the Emery and Focht Bills, which were rushed through the committees, given the necessary preliminary readings, and early in June were passed. Some of their important features are as follows: Senator Focht's bill is entitled "An act to provide for the incorporation and government of passenger railways, either elevated or underground, or partly elevated or partly underground: with surface rights." On its face the bill seems to limit the corporation to elevated or underground roads. Section 14 gives the right to operate connecting lines on any turnpike or turnpikes, which in addition to the right of eminent domain contained in section 7, it is believed, will permit the road to operate a continuous line on the surface of the property acquired under this grant and on the public turnpikes. It was provided that the capital stock shall not be less than \$50,000 for every mile of road to be constructed, and before articles of incorporation are filed at least \$25,000 of stock for every mile of road shall have been subscribed and 10 per cent. in cash paid to the directors. Section 6 permits the corporations to borrow money not to exceed the amount of capital stock authorized, and not equal to the cash capital paid in, as was provided in other acts. This would permit the unlimited issue of bonds with practically no cash outlay in stock. The Emery Bill, which amends the general act of 1889 and all local and special laws, is the enabling act and is broad in its scope. Under its provisions no street or boulevard is excepted, provided the City Councils see fit to grant the necessary franchise. One section provides for the forfeiture of the charter if the work is not begun within two years and completed within five years. One power granted under the act permits the corporation to sell its own franchise and road and acquire others by purchase, if it sees fit. This can even be so of corporations formed under other acts, there being no limitations to the right. An amendment adopted to the act forbids any company so incorporated from connecting its tracks with the tracks of any railroad company carrying both passengers and freight, or interchange of cars with any such company. This was added at the instance of the steam railroad companies who feared that otherwise their position might be seriously weakened.

Governor Stone signed these bills at midnight on June 7. At once there followed a great rush of charters for street railroad companies to operate surface, elevated or underground lines, as the case might be, not only in Philadelphia and Pittsburgh, but also in Montgomery, Chester and Delaware Counties and many cities throughout the State. Each applicant understood that if he should be officially recognized as the first for the particular streets named in the application, he could, under the new law, exclude all others from obtaining a charter for those streets during the two years allowed for obtaining permission from the local authorities, and for seven years more, by obtaining the permission and going on with the work. Under such conditions, disputes arose as to who should receive

the coveted prizes. Accordingly, on June 19, the Legislature passed two supplementary bills: the first, known as the Scott Bill, supplements the Focht Bill and places in the hands of the Governor, Attorney-General and the Secretary of the Commonwealth the power to say what charters shall be issued. The other bill, known as the Focht Supplement for the Emery Law, authorizes the construction of rapid transit roads only on securing the consent of the local authorities.

Turning again to a consideration of conditions in Philadelphia we find, on June 12, 1901, that both branches of the City Councils of Philadelphia passed ordinances authorizing thirteen new companies, one underground, five elevated, and seven surface lines, which were given the right to operate street railways on practically all the lines available for that purpose, including Broad and Diamond Streets. The incorporators of all of them were Robert H. Foerderer, Clarence Wolf, Michael Murphy and John M. Mack. A list of the roads with the authorized capital stock follows:

The Broad Street Subway Passenger Railway Company.....	\$1,250,000
The Broad Street Rapid Transit Street Railway Company.....	150,000
Passyunk Avenue Elevated Passenger Railway Company.....	350,000
The Chestnut Hill and Glenside Rapid Transit Street Railway Company.....	150,000
The Market Street Elevated Passenger Railway Company.....	1,500,000
The Ridge Avenue Elevated Passenger Railway Company.....	850,000
The Frankford Elevated Passenger Railway Company.....	750,000
The Germantown Avenue Elevated Passenger Railway Company...	900,000
The Southern Rapid Transit Street Railway Company.....	90,000
The Eastern Rapid Transit Street Railway Company.....	540,000
The Central Rapid Transit Street Railway Company.....	60,000
The Western Rapid Transit Street Railway Company.....	360,000
The Northern Rapid Transit Street Railway Company.....	228,000

These lines covered over a hundred and twenty miles of street, and practically shut out forever all other companies from the streets of Philadelphia. Some of the provisions of these ordinances were: Five cent maximum fares on all lines; work to be started within two years and completed within seven; from the net earnings of the Broad Street Subway, after exceeding six per cent., the company was to pay five per cent. of the excess profits into the city treasury; the surface tracks on Broad Street were to be so constructed as to permit the erection of elevated roads; the companies were to pave and maintain all streets traversed by their tracks without cost to the city; the cars were to run on the elevated roads every five minutes between six and nine A. M., and between four thirty and seven P. M. No provision was made for running night trains. The Broad Street Subway was allowed to rent to other corporations tubes for pipes, conduits and wires, except sewer and water pipes. The underground and elevated railroads were authorized to occupy the highway as needed for stations and approaches without paying rentals.

As a protest to the Mayor against signing these ordinances, giving away

franchises of great value, Mr. John Wanamaker, on June 13, offered to pay to the city \$2,500,000 for the same franchises and deposited \$250,000 with the Real Estate Trust Company as security of his sincerity. The Mayor, however, signed the ordinances the same night. Nine days later Mr. John Wanamaker, renewing his offer to the city of \$2,500,000 for the franchises, offered also a \$500,000 bonus to Congressman Foerderer and his associates if they would convey to him the grants and corporation privileges they had secured. He also agreed to guarantee three-cent fares during certain hours of the day and to return the franchises to the city any time within ten years, provided the city pay him back the actual money invested. If his offer was not acceptable, he requested that the owners of the franchises name the sum which they would take for the privileges. However, no notice was taken of his communication.

It at once became apparent that efforts were being made to force the Union Traction Company to buy the franchises. The most powerful weapon held by those opposing the Union Traction Company was the city ordinance of 1893, granting the overhead trolley privilege which required the company to place all their wires underground whenever the Councils should so direct. If Councils should insist on this, the Union Traction Company, already staggering under immense fixed charges, would be forced into the hands of a receiver. The positive denials of the officials of the Union Traction Company of any proposed purchase of its interests by its rivals changed gradually to evasions, and by the end of 1901 finally to an admission that "while nothing definite had been done, yet cordial relations now existed between the two groups." The final outcome was not left long in doubt, for on March 3, 1902, the Board of Directors of the Union Traction Company passed resolutions recommending to the stockholders the acceptance of the offer of John M. Mack and his associates to lease the road to a new company to be incorporated to be known as the Consolidated Traction Company, which was to have a capital stock of \$30,000,000, divided into \$50 shares, of which \$5 was to be paid in at present. The lease was to be for 999 years from July 1, 1902, on the following conditions: The new company was to guarantee \$1.50 per share (3 %) on the stock of the Union Traction Company for the first two years; \$2 per share (4 %) the third and fourth years; \$2.50 per share (5 %) the fifth and sixth years; and \$3 (6 %) the seventh and the remaining nine hundred ninety-two years of the lease; also to pay all fixed charges of the underlying companies' rentals, interest and taxes of every kind and nature.

The Consolidated Traction Company agreed to acquire all the stock of the thirteen companies which had obtained franchises in the previous June. The stockholders of the Union Traction Company were given the right to subscribe for \$7,500,000 of the stock of the new company, or one share for each four shares of their Union Traction Stock holdings the remaining shares of the Consolidated, \$22,500,000 to be subscribed for by Mr. Mack and his associates. A special meeting of the stockholders was called for May 5 to consider the acceptance or rejection of this proposition.

In the meantime opposition had been centering around the proposed construction of the elevated road on Market Street. Business men complained that

it would lessen the usefulness of the thoroughfare and cut off the light in their stores. The determining factor, however, was the opposition of the Pennsylvania Railroad Company, which had sometime previously secured from Councils the privilege of erecting a covered way over Market Street, between the Arcade Building and Broad Street Station. This practically had the effect of blocking the proposed elevated line. The syndicate was forced to find some new plan if they wished to make the sale to the new company. Accordingly, in April 1902, an ordinance was passed by Councils and signed by Mayor Ashbridge, granting to the Market Street Elevated Passenger Railway a franchise to build an underground railway under Market Street, from the Delaware River to the County line, or any part thereof, with the right to come upon the surface of Market Street between Twenty-second Street and the Schuylkill River. Work must be begun within one year and completed within three years thereafter. Under the franchise the company is required to lay improved grooved rails and repave with asphalt the entire street surface from the Delaware River to Fifteenth Street.

On May 1, 1902, the Philadelphia Rapid Transit Company was chartered with \$10,000 capital stock. The incorporators were all clerks in the employ of John M. Mack and James P. McNichol. The capital stock was at once increased to \$30,000,000 in shares of \$50 each. This corporation was to take the place of the Consolidated Traction Company, whose proposition regarding a lease the stockholders of the Union Traction Company were to consider four days later. The result was the unanimous ratification of the proposition to lease the Traction Company's properties to the new corporation upon the terms already given. The stock of the new company was soon afterwards listed on the Philadelphia Stock Exchange. On July 1, 1902, the actual transfer took place.

The Rapid Transit Company started with fixed charges \$900,000 a year greater than the Union Traction Company had had to meet, and this will be gradually increased as the rental advances. The new company possessed all the Mack-Foerderer franchises except the Broad Street Subway, which was not transferred until some months later. President Parsons estimated that between six and eight million dollars would be required on the Market Street Subway-Elevated System, excluding the Woodland and Lancaster Avenue elevated extension. This necessitated the assessment of the stock of the new company, and, on May 18, the directors voted to call for an additional \$5 per share, thus making the shares \$10 paid. With this money work was started in a desultory manner upon the subway, and numerous improvements and betterments were made to other parts of the system.

The time was drawing near when the Rapid Transit Company must either actually begin work on all their franchises or forfeit them. Since they could not afford to do this, a plan was devised of taking advantage of the provision in the charters allowing consolidation, and accordingly, the Market Street Elevated Passenger Railway Company was formed with \$5,600,000 of authorized capital stock, by the consolidation and merging of the following companies: The Market Street Elevated Passenger Railway Company, the Germantown Avenue Elevated Passenger Railway Company, the Passyunk Avenue Elevated Passenger Railway

Company and the Broad Street Subway Passenger Railway Company. This action was validated by an ordinance of Councils which, while relieving the Rapid Transit Company of the obligation to begin work within the two year period originally provided, requires the completion of the several lines in a certain order within periods ranging respectively from two to ten years. It also requires the company to furnish a bond of \$250,000 to cover the performance of this agreement. The actual commencement of work on the Market Street Subway, it is held by eminent counsel, satisfies the provisions of the State law and keeps alive the other franchises now held by the Market Street Elevated Passenger Railway Company.

In order to make the monopoly in Philadelphia absolutely complete and to prevent the recurrence of the conditions which brought about the formation of the Rapid Transit Company, the following new companies were incorporated in June, 1903, by representatives of the Rapid Transit Company to build 119 miles of street railway as follows: The Glenwood Rapid Transit Street Railway Company, capital stock \$270,000, 45 miles of line; the Moyamensing and Southwark Rapid Transit Street Railway Company, \$282,000, 47 miles of line; the Parkside Rapid Transit Company, \$42,000, 7 miles of line; the Bustleton and Byberry Rapid Transit Street Railway Company, \$120,000, 20 miles of line.

What did the syndicate actually realize from the franchises for which the city received practically nothing? Under the terms of the consolidation the members of the syndicate were to subscribe for \$22,500,000 of the stock of the new company, paying down for the 450,000 shares, \$5 each, or \$2,250,000. At the time the stock was listed it was quoted at \$9 per share. On this basis the profit would have been \$1,800,000. After \$10 had been paid in, the stock sold as high as 18 7-8 and as low as 12. Averaging this, the profit would have been somewhat greater, or \$2,250,000. We see then, that Mr. Wanamaker's valuation of the franchises was above what they actually netted their owners. However, he believed the city should receive the benefit, and not the syndicate.

Taking up the actual construction so far as it has been outlined, we find that the plan calls for an elevated railroad from Sixty-third and Market Streets east to the Schuylkill River, which they cross by a new bridge. At Twenty-third Street the elevated descends into the subway, in which are to be four tracks besides cable ducts. Two of these tracks are to be for express trains, two for accommodation. At Delaware Avenue the Company has acquired a tract of ground on which large power-houses, car-barns and a station are to be erected. An elevated road is to be built south on Delaware Avenue as far as the Reading Railroad piers, thus placing them on the same footing as the Pennsylvania for the Jersey service.

At the western end of the line, beyond Sixty-third Street, the company has purchased a large tract of ground on which they propose to erect, besides the terminal, storage yards and extensive repair shops. The actual work of construction is already well under way. President Parsons announces that the Subway will be finished as far as Fifteenth Street within a year, at which time they hope

to have the elevated completed. This section will be put in operation while the work of construction is carried on on the down-town portion of the line.

The query naturally arises, what effect will this have upon the direction of the development of the city in the future? When we consider that in order to make the city square, fully twelve miles of ground west of the terminus of the new line must be developed, it seems apparent that the great future growth will be towards the west. The officials realize that, burdened as the Rapid Transit is with heavy fixed charges, *new* traffic must be developed for the new system, because if the elevated merely takes people which the surface lines formerly carried, the gross earnings will not be increased, while the capital charges will have grown much heavier. The only hope which they have of ever securing dividends on the Rapid Transit stock is to develop new trade for the elevated, at the same time discouraging the nearby riders from using it in order that the surface lines may be fully employed. The result of this will be that the Rapid Transit Company or some affiliated organization will, on the completion of the system, proceed to open up the country west of the city limit, which is, practically speaking, sparsely occupied at present. The future growth, therefore, seems certain to be in a western direction, the growth to the north and to the south being arrested, or at least checked, by the more favorable location (considering transportation facilities) which the western section will have to offer to its residents.

Although the elevated-subway system is yet far from completion the first steps have already been taken to develop the eastern portion of Delaware County, and it seems certain that several "feeders" will be in operation by the time the elevated is completed. The rate at which the growth will take place can only be surmised—it is safe to say, however, that it will surpass anything in the history of Philadelphia and will equal that which has invariably occurred on the completion of similar improvements in other cities.

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